State of California

Employment Training Panel

Training Proposal for:

Xerox Corporation

Agreement Number: ET09-0238

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **North Hollywood**   Analyst: M. Tolentino

PROJECT PROFILE

Contract Type:	Priority/Retrainee	Industry Sector(s):	Manufacturing
Counties Served:	Los Angeles	Repeat Contractor:	☒ Yes ☐ No
Union(s):	☐ Yes ☒ No	Priority Industry:	☒ Yes ☐ No
No. Employees in CA:	3,216	No. Employees Worldwide:	57,400

Turnover Rate %	Manager/ Supervisor %
4%	10%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding		In-Kind Contribution
$391,500	$58,750	$332,750		$875,993

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours Class / Lab	Range of Hours CBT	Average Cost per Trainee	Post-Retention Wage
1	Priority/Retrainee	Advanced Technology, Continuous Improvement	250	24-200	0	$1,331	$22.04
				Weighted Avg: 87			

Minimum Wage by County: $14.02 for Los Angeles County.

Health Benefits: ☒ Yes ☐ No   This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☐ Yes ☒ No

Health benefits are not applicable because the employer is already paying more than the ETP Minimum Wage.

Other Benefits: Holidays, vacation, sick leave

Wage Range by Occupation	
Occupation Title	Wage Range
Software Development Associates	
Software Development Managers	

INTRODUCTION

In this proposal, Xerox Corporation (Xerox) seeks funding for retraining as outlined below:

Xerox, a manufacturer of digital presses, multifunction devices, laser and solid ink network printers, copiers, and fax machines qualifies for standard ETP funding as a manufacturing company facing out-of-state competition as specified under Title 22, California Code of Regulations (CCR), Section 4416(b).

Beginning as a manufacturer of photographic paper and equipment, Xerox came into prominence in 1959 with the introduction of the Xerox 914, the first one-piece, plain paper photocopier. In 1961, the company was renamed Xerox Corporation with corporate headquarters in Stamford, Connecticut. The company is now a global company engaged in developing, manufacturing, marketing, servicing, and financing a broad range of document management systems, software solutions, and services.

Xerox proposes to retrain 250 of its workforce in the skills necessary for the company to transition to a high performance workplace. The proposed training will be conducted at the Xerox facility in El Segundo.

PROJECT DETAILS

Xerox is continuing a company-wide transition from analog to digital technologies that began in 2000.   The company is creating new market opportunities with digital printing as a complement to traditional offset printing through a market transition called "The New Business of Printing". In 2007, Xerox El Segundo site spent 6% of its revenue on research, development, and engineering and was granted 584 U.S. utility patents, a 31% increase in patents granted in 2005. The company is continuing to accelerate the pace of innovation in which Xerox El Segundo plays a direct and important role.

Xerox El Segundo sites, the major west coast center for research and software development, conducts work in digital imaging, color science, and product innovation for the company's digital high technology equipment, software solutions, and services business.

Green Technology

Xerox is also focused on "green" technology innovation and has recently developed reusable paper. By working directly with customers, the company observed that in a typical office setting, approximately 40% of the paper printed during the day went into the garbage at night. Xerox representatives indicate that the company has invented reusable paper that can be printed on, notes of importance taken, and reused the next day as the paper turns blank and is suitable for reprinting resulting in reduced waste and less impact environmentally.

Company representatives state that ETP-funded training has proven to be a catalyst and aid toward laying the groundwork of the transition to new technology in two previous ETP projects. The first project was focused on trainees learning new software programming languages. The second project focused on learning Lean Six Sigma Software Development Skills and was instrumental in starting to move Xerox El Segundo toward a leaner working environment. The need to continue and expand training in the same direction has not subsided since the last ETP project in El Segundo. It has become even more urgent that every development associate is trained in Lean Six Sigma and Design for Lean Six Sigma to eliminate waste in the development process and reduce cycle times for greater customer satisfaction and reduced development expense. ETP funds will train Software Development Associates and Software Development Managers in the following types of training:

Advanced Technology training will enable employees to accelerate the conversion of its products from analog to digital technology which is a crucial element in the company's ability to compete and thrive in the future.

Continuous Improvement training will provide employees an enhanced ability to build team spirit and cooperative efforts; help improve communication skills among employees and create successful interaction in a team engineering environment; and provide a broader understanding of the Six Sigma Green Belt body of knowledge.

Advanced Technology (AT)

Xerox requests the higher reimbursement rate for the AT courses identified in the curriculum. Software development associates and software development managers will receive between 24 to 120 hours of class/lab instruction with a trainer-to-trainee ratio of 1:10 for class/lab skills training. Xerox representatives report that the proposed ETP AT training will cost them between $253 to $679 per hour of instructor time. Training is highly technical in nature; requires the use of highly specialized computers and software; and requires advanced level of knowledge, skills

and competencies to be able to engineer software and hardware design. These factors increase the cost of training and will exceed ETP's Advanced Technology reimbursement rate. Class size will be capped at 10 trainees to allow in-depth coverage and personal attention from the instructor.

Repeat Project/Substantial Contribution

Title 22, CCR, Section 4410 requires a Substantial Contribution of "not less than 15% of the total training and administrative costs, if payment was earned for retraining at the same facility in the amount of $250,000 or more within the previous five years. However, this substantial contribution may not exceed 30%."

The company earned in excess of $250,000 at the El Segundo facility, under two prior projects within the past five years. (See Prior Project Table.) Therefore, reimbursement for trainees at the El Segundo facilities in Job Number 1 will be reduced by 15% to reflect the company's $58,750 Substantial Contribution.

According to Xerox representatives, trainees who participated in the last ETP Agreement may be enrolled in this proposed training program. Xerox earned 100% of the last ETP Agreement however, the company was not able to provide training on the majority of the topics listed in the curriculum. In addition, training in the last Agreement was focused on Lean Six Sigma, Scrum training, and Lean Software Development and these topics accounted for over 80% of the training hours delivered. In spite of this, not all trainees received training in these topics. Xerox representatives state that in the proposed training program, the company will deliver minimal training in Lean Six Sigma, Scrum, and Lean Software Development.   In this proposal, training will focus more on new topics such as Team Building, Executive Effectiveness, and Reliability Methodology under Continuous Improvement and Postscript Programming, Sun Solaris Administration, Windows Vista System Administration under the Advanced Technology training. In addition, trainees will receive topics that they did not receive in the last Agreement.

Commitment to Training

Xerox represents that ETP funds will not displace the existing financial commitment to training. Indeed, Xerox anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

Xerox represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Xerox representatives state that the company offers tuition assistance programs for employees in advance degree programs; online training is provided through Learning@Xerox website; and more than 3,300 e-learning courses are offered in areas such as sales, technical, professional development, and compliance training. In addition, the company offers 10,000 on-demand learning aids that help employees perform their best work.

Xerox's training budget per employee is approximately $391 and it expects to spend approximately 1.3 million dollars (outside of ETP funds) training its California employees this year. Xerox provides ongoing training in new equipment operation, Lean Six Sigma from theory to practice, product knowledge, sales skills, account management, basic electricity, fundamentals of digital computers, intermediate and advanced computer software skills (Excel, Word, PowerPoint, etc.), technical mathematics, technical training for equipment operation, professional development, and compliance training. Training delivery methods include on-site

traditional classroom training, hands-on on-the-job training, and an extensive computer-based training library.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by the company under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET07-0130	El Segundo	8/8/06 – 8/7/08	$283,500	$283,500(100%)*
ET04-0522	El Segundo	12/31/03 – 12/30/05	$228,800	$147,021 (64%)**

*ET07-0130:   A Final Fiscal Closeout has not been submitted by Xerox.   However, Xerox representatives state that they will deliver more than the required training hours, resulting in a 100% completion rate. The ETP Tracking System shows sufficient training hours to support the Contractor's projected earnings.

**ET04-0522: According to Xerox representatives, the low completion rate for this Agreement was due to inadequate planning and tracking on the part of Xerox management. Rather than ensuring an even rate of earning over the contract period through systematic scheduling and tracking of classes and enrollment, the scheduling was done in more of an ad hoc fashion and the rate of earning was allowed to drift. Other factors included administrative inefficiencies, setting a "minimum employee hours" level which was too high, inadequate management accountability for training, and some localized instructor quality issues which affected class attendance/demand. These problems were corrected in the next project, funded under ET07-0130.

DEVELOPMENT SERVICES

The company retained National Training Systems (NTS) in Laguna Niguel to assist with development of this proposal for a flat fee of $24,000.

ADMINISTRATIVE SERVICES

The company retained NTS in Laguna Niguel to perform administrative services in connection with this proposal for a fee of approximately $31,500, not to exceed 13% of payment earned.

TRAINING VENDORS

The following training companies will be retained to provide training. Other trainers will be identified for ETP record-keeping purposes, as they are retained by Xerox.

*Craig Larman of Bracebridge, Canada
Developmentor of Los Angeles
Marakana, Inc. of San Francisco
SUN Microsystems of Santa Clara
Holub Associates of Berkeley
ICONIX of Los Angeles
Acumen Training of Dana Point
Industrial Logic of Berkeley
Megamind of Aptos
Saisoft of Irvine
M/UX of Elk Grove

*Previously approved as an out-of-state vendor per Title 22, CCR, Section 4421.

Exhibit B: Menu Curriculum

Class Lab Hours
   24-200   Trainees will receive any of the following:

CONTINUOUS IMPROVEMENT
- Leadership Skills
- Team Building
- Communication Skills
- Execution Effectiveness
  - Personal Agility
  - Influence Without Authority
  - Crucial Conversations
  - Coaching for Success
- Lean Six Sigma
  - Green Belt Certification Fundamentals
  - Voice of the Customer
  - Measurement System Analysis
  - Statistical Process Control Charts
  - Design for Lean Six Sigma
- Software Design for Lean Six Sigma Stakeholder
  - Lean Principles
  - Productive Development
- Reliability Methodology
  - Goal Setting
  - System Modeling
  - Design
  - Verification
  - Post Launch
  - Evaluating
  - Monitoring
  - PMP Certification Exam Preparation
- Scrum
  - Simulation
  - Master Certification
  - Product Owner

ADVANCED TECHNOLOGY

- Lean Software Development I
  - o Agile Modeling
  - o Object Design & Design Patterns
  - o Test-Driven & Iterative Development
- Lean Software Development II
  - o Iterative Software Project Development
- Analytical Modeling & Simulation
  - o Toolsets (Crystal Ball, Matlab, Simulink, Stateflow, Unified Modeling Language/UML)
- Java Programming & Enterprise Computing
  - o Introductory
  - o Advanced
- Microsoft .net
  - o Essential .net with C#
  - o Advanced .net (C#, C# vs. Java, .net vs. Java)
  - o Interoperability
- C++
  - o Fundamentals for Experienced Programmers
  - o Advanced
- Ruby Programming Language
- PostScript Programming
- Test Driven Development
- Design Patterns
- Object Oriented Architecture & Design Patterns from Code
- Sun Solaris Administration
- Dynamic Performance Tuning & Troubleshooting with DTrace
- Windows Vista System Administration
- Windows Server Administration
- IBM System Administration
  - o RS/6000
  - o AS/400
- Printed Circuit Boards Design for Reliability
- Object Oriented Analysis & UML